

MAXAM

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CONFIDENTIAL
SUBJECT TO RULE 408,
FEDERAL RULES OF EVIDENCE

February 17, 1998

VIA FACSIMILE

Mr. Jack Smith (202-898-7394)
 Mr. Jeffrey Ross Williams (202-736-0676)
 Federal Deposit Insurance Corporation
 1717 H Street, N.W.
 Washington, D.C. 20006

Mr. Richard Stearns (202-906-7005)
 Mr. Kenneth J. Guido, Jr.
 Office of Thrift Supervision
 1700 G Street, N.W.
 Washington, D.C. 20552

Re: Federal Deposit Insurance Corporation as Manager of the FSLIC Resolution Fund v. Charles E. Hurwitz, Case No. H-95-3956, in the United States District Court for the Southern District of Texas, ("FDIC Action"):

In the Matter of United Savings Association of Texas and United Financial Group, Inc., OTS Resolution No. WA 94-01 before the United States Office of Thrift Supervision, Department of Treasury, ("OTS Action"):

Dear Sirs:

Attached is a confidential draft Memorandum of Agreement ("Agreement") to settle the above-referenced matters. This settlement offer consists of the transfer from defendants/respondents to the "Governmental Entities" (as defined in the Agreement) standing timber and land known as the Allen Creek property. The Allen Creek property is comprised of 1,421, more or less, contiguous acres of forestland. (A legal description will be provided prior to closing.)

Settlement of this matter will be subject to a condition subsequent and will close simultaneously with the Headwaters Agreement made September 28, 1996, as it may have been from time to time amended. Once accepted and executed, this Agreement will afford FDIC and OTS access and inspection rights to the Allen Creek property.

The settlement offer exceeds the long-established OTS preconditions for global resolution. Time is of the essence. If the Governmental Entities reject this proposal, a historical opportunity may be lost.

While this proposed Agreement is to be accorded confidentiality by the Governmental Entities and by related individuals, FDIC and OTS may communicate with such parties inside and outside the government, on a need to know basis, as FDIC and OTS may require to gather data and confirm information necessary for acceptance by FDIC and OTS of this proposed Agreement, provided that such parties are identified to defendants/respondents and agree to keep the fact and particulars of this proposed Agreement confidential.

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 2/17/98 5:04 pm

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ATTACHMENT C

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This proposed Agreement is for a complete dismissal with prejudice and release on a global basis for all parties and their affiliates, and all actions, whether known or unknown.

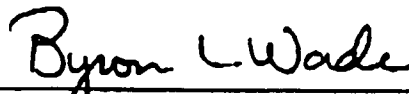
We appreciate the efforts of Messrs. Stearns, Guido, Rinaldi and Mr. Jeff Williams in these negotiations.

This offer to settle shall remain open until Thursday, February 19, 1998, at 4:00 p.m. CST. Our fax number is (713) 267-3703.

Sincerely,

MAXXAM Inc.

By:


Byron L. Wade
Senior Vice President and Chief Legal Officer

BLW:yr
Attachment